

Message Text

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73

ORIGIN OPIC-06

INFO OCT-01 EA-09 ISO-00 EB-07 AID-05 TRSE-00 FRB-01 OMB-01

XMB-04 L-03 CIAE-00 INR-07 NSAE-00 /044 R

DRAFTED BY OPIC/F BLBOSTWICK
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EB/IFD/OIA:DHSTEBBING
EA/K:PMAYHEW

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P 212303Z JAN 76
FM SECSTATE WASHDC
TO AMEMBASSY SEOUL PRIORITY

UNCLAS STATE 015307

E.O. 11652: N/A

TAGS: EFIN

SUBJECT: OPIC LOAN TO SAM YANG BAKER TANK TERMINAL
PROJECT

REFS: (A) SEOUL 0242

1. OPIC REPS MET WITH KOREAN EMBASSY ECONOMIC MINISTER
Y. S. YANG ON JANUARY 19 TO DISCUSS SUBJECT LOAN. YANG
SUGGESTED THAT A WAY TO RESOLVE THE CURRENT IMPASSE ON THE
ELEVEN PERCENT INTEREST RATE MIGHT BE FOR OPIC TO REDUCE
THE RATE IF A KOREAN EXCHANGE BANK GUARANTY WERE PROVIDED.
OPIC IS AMENABLE TO PURSUING THIS SUGGESTION AND WOULD
REDUCE THE INTEREST RATE TO TEN AND ONE-HALF PERCENT IF A
KEB GUARANTEE WERE PROVIDED.

2. OPIC WOULD ALSO BE PREPARED TO DROP REQUIREMENT FOR
MORTGAGE IF KEB GUARANTEE IS PROVIDED. WHILE KEB GUARANTEE
WOULD COST PROJECT AN ADDITIONAL ONE OR ONE AND ONE-HALF
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PERCENT THIS WOULD BE OFFSET BY THE FOREX SAVINGS OF THE

REDUCTION IN THE OPIC INTEREST RATE AND THE COST SAVING OF NOT HAVING TO OBTAIN AND MAINTAIN A MORTGAGE. THE TEN AND ONE-HALF PERCENT RATE IS ALSO EQUAL TO THAT PERMITTED IFC FOR THEIR MOST RECENT PROJECT LOAN (CHONJU PAPER).

3. WOULD APPRECIATE EMBASSY COMMUNICATE OPIC POSITION TO APPROPRIATE EPB AND MIN FIN OFFICIALS. WE WOULD LIKE TO GET INDICATION OF A POSITIVE REACTION FROM THEM BEFORE WE NEGOTIATE FORMAL AMENDMENTS WITH PROJECT SPONSORS. BECAUSE PROJECT CONSTRUCTION IS NEARLY COMPLETED, THERE IS SOME URGENCY TO COMPLETING ARRANGEMENTS FOR FINANCING. SISCO

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